

Reality Check ✓

Straight Facts for the '90s

January 30, 1996

Fact Patrol Talking Points

1996 SOTU: Check the Record

President Clinton's third State of the Union address was noteworthy in that despite its abbreviated length (relatively speaking), it still contained several major statements that just don't jibe with reality. Sometimes it appears that the President thinks his listeners won't remember the facts or what he himself has said in the past about key issues. Here are highlights from the President's recent address.

ON BALANCING THE BUDGET:

"Here in this place our responsibility begins with balancing the budget in a way that is fair to all Americans. . . . I compliment the Republican leadership and their membership for the energy and determination you have brought to this task of balancing the budget."

- ▶ Yet, when Congress presented him the first balanced budget in a generation to make it through Washington's special-interest maze, he vetoed it.
- ▶ Candidate Clinton promised to balance the budget in five years back in 1992.
- ▶ President Clinton abandoned his campaign promise, and in 1993, proposed to increase federal spending over a trillion dollars in just five years, a jump of 20 percent.
- ▶ In 1995, President Clinton promised America he could balance the budget, first in ten years, then nine, then eight, and finally, seven.
- ▶ The majority party in Congress promised to balance the budget in seven years. And in 1995, we kept our word, passing the first balanced budget in a generation.

"Our . . . challenge is to help every American who is willing to work for it achieve economic security in this new age."

- ▶ With his veto of the Balanced Budget Act, *President Clinton didn't just break his word; he broke the economic backs of many American families.*

- ▶ ***Balancing the budget would grow the economy.*** Various studies have concluded that up to 6 million new jobs would be created if we balanced the budget and got the country moving again.
- ▶ ***Interest rates would drop,*** by up to 2 percent, to levels not seen since the 1950s.
- ▶ With a balanced budget, ***average Americans could expect to save thousands of dollars a year*** — over \$2,000 a year on a home mortgage, over \$1,000 a year on a car loan, nearly \$2,000 a year on a school loan, savings of nearly \$75,000 over the lives of those three loans combined.

"Now it is time for us to look also to the challenges of today and tomorrow, beyond the burdens of yesterday. . . . Our individual dreams must be realized by our common efforts."

- ▶ Bill Clinton's balanced budget veto put short-term priorities over long-term priorities, ***preserving today at the expense of tomorrow.***
- ▶ ***Every child born today owes over \$180,000 in his or her lifetime*** just to pay interest on the federal debt.
- ▶ And just around the corner, fiscal disaster looms. ***This year — for the first time ever — Medicare will be insolvent:*** it will pay out more than it takes in. After 2002, it will be bankrupt.
- ▶ By 2015, spending on just five items in the budget (Medicaid, Medicare, Social Security, federal retirement programs, and interest on the federal debt), ***that is so-called mandatory spending, will crowd out spending on everything else*** — from Air Force One to the FBI.
- ▶ The President's veto, and his continued unwillingness to enact a real balanced budget, will ***cause the calamity our common-sense agenda could avert.***

ON WELFARE REFORM:

"... For too long our welfare system has undermined the values of family and work instead of supporting them."

- ▶ The President made his 1992 pledge to end welfare as we know it a cornerstone of his campaign.
- ▶ For the first two years of his presidency, though, Bill Clinton did nothing to reform the failed welfare state. In fact, ***he proposed the biggest expansion of the welfare state in the late 20th century,*** a government-run health care system — and we all know how that turned out.

- ▶ The majority party in Congress promised to end welfare as we know it. And in 1995, *Congress sent to the President a common-sense welfare reform with real work requirements and real time limits.* We worked with governors and welfare recipients to craft a plan which would restore dignity to the welfare system and provide the hand up, not the handout, that Bill Clinton knows most Americans believe welfare should be.
- ▶ What Bill Clinton forget to tell America last week was that *he vetoed comprehensive welfare reform — not once, but twice,* the second time in the dead of night during a snowstorm that kept the federal government closed, and the media otherwise occupied.

ON FAMILY TAX RELIEF:

"...The combined total of the proposed savings that are common to both plans is more than enough... to balance the budget in seven years and provide a modest tax cut... I agree that we need a tax credit for working families with children."

- ▶ In 1992, Bill Clinton kicked off his Presidential campaign by promising voters in New Hampshire an economic recovery package that started with a middle-class tax cut.
- ▶ In 1993, Bill Clinton abandoned his middle-class tax cut promise. In fact, *he proposed, saw the passage of, and signed the largest tax hike in history,* a \$251 billion tax hit that increased gas costs for the poor, travel costs for airline passengers, even imposed taxes on the dead.
- ▶ In 1995, the majority in Congress decided to see if President Clinton remembered what candidate Clinton promised. We passed family tax relief — a \$500 per child tax credit to deserving middle-class families.
- ▶ But *the President vetoed our family tax relief.*
- ▶ *As a result of that veto, Americans must work over 120 days every year just to earn enough to pay their taxes.* And that's not even counting the additional days they work to pay the heavy toll of unnecessary and too-burdensome regulations. That's too long, and it's wrong.

ON DEFICIT REDUCTION:

"And I thank the Democrats for passing the largest deficit reduction plan in history in 1993, which has already cut the deficit nearly in half in three years."

- ▶ *The President's 1993 plan didn't reduce the deficit.* It increased spending by 20 percent over five years, from \$1.5 trillion to \$1.8 trillion.

- ▶ According to the Congressional Budget Office, the \$263 billion overall deficit decline since 1993 has been the result of ***\$75 billion in new Clinton taxes***, and \$200 billion in technical and economic reestimates, offset by \$12 billion in new spending.
- ▶ In fact, ***he's piled up \$800 billion more in debt since he took office***, and he's only cut the deficit in half as a percentage of gross domestic product, not actual dollars.
- ▶ Under the 1993 plan, it turned out that most of Bill Clinton's discretionary spending cuts would take place after the 1996 presidential election.
- ▶ And now, the President is using the same sleight of hand. **His latest budget proposal puts off the majority of discretionary spending cuts until the 21st century.**

ON EARNED INCOME CREDIT REFORMS:

"But these cuts do not undermine our fundamental obligations . . . by raising taxes on working families. . . . The budget bill I vetoed would have . . . raised taxes on 8 million of these people. We should not do that."

- ▶ Back in 1993, ***the President and his party grossly and irresponsibly expanded the earned income credit program***, a program whose intent had been to help very low-income working families as they worked their way up the economic ladder.
- ▶ Because the President and his party did this, ***the earned income credit program has grown far faster than the government's ability to keep track of it, and has become the fastest-growing entitlement program in the federal budget***. He allowed 4 million childless workers to receive benefits under this program for the first time in the program's 20-year history. His plan allowed benefits to go to 160,000 illegal aliens, 2 million families with incomes over \$30,000, and 3,000 families with incomes over \$75,000.
- ▶ The majority party in Congress thought that was wrong, and put common sense back into the program. We reoriented the Earned Income Credit to focus on families with children. Our reforms meant that no one who deserved benefits last year would receive any less this year. Fraudulent recipients would no longer receive government funds.
- ▶ But ***the President killed our reforms with a veto***. So waste, fraud, and abuse continues unchecked; growth continues to explode; and the benefit becomes a habit for many, not the help it was designed to be for most.

ON PENSIONS:

"We should also protect existing pension plans. . . . Pension availability and protection. . . will help responsible, hard-working American families to make the most of their own lives."

- ▶ While he parades as the protector of private pensions, *the President has authorized his Treasury Secretary to raid \$80.6 billion from government pension funds*, to underwrite Bill Clinton's spending habit.
- ▶ If Bill Clinton and Robert Rubin were in the private sector, their behavior could subject them to criminal and/or civil penalties that for each could add up to a maximum penalty of over \$20 billion, as well as jail time of up to one year.

ON DIRECT LENDING:

"We've created a new student loan program that has made it easier to borrow and repay those loans, and we have dramatically cut the student loan default rate."

- ▶ In 1994, the Education Department, acting as our nation's newest bank, *lost nearly \$100 million* of the \$700 million in direct student loans it sent out to the nation's colleges and universities.
- ▶ And to stay in the banking business, the Education Department *wants to spend \$2.5 billion to hire several hundred new employees.*
- ▶ And, according to a former director of the Congressional Budget Office, the President's proposal to move to direct lending *will add about \$140 billion to the public debt* during the 1996-2000 period.

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